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May 12, 2021

Digital Dollar Project to Launch Five U.S. Central Bank Digital Currency Pilots

"A partnership between Accenture and the Digital Dollar Foundation, the Digital Dollar Project was created last year to promote research into a U.S. central bank digital currency."

Why this is important: Readers of *Decoded* will remember that we've previously discussed the efforts underway here and abroad to create and test central bank digital currencies ("CBDCs") as a form of digital fiat money. The article reports on the recent announcement by the U.S. Digital Dollar Project that it will launch five pilot projects over the next 12 months to test a digital dollar. The U.S. certainly isn't the first to do this. We've reported on China's digital yuan project, its use on Alibaba, and its possible adoption outside of China led by Chinese international tourists. A digital dollar has been slower to develop, and that's deliberate as the U.S. dollar is the world's most widely used currency. It has previously been said that this is a situation more important to get it right than get it done first. Even with the development of a digital dollar, those involved continue to state that a U.S. CBDC would exist alongside paper and coin money and not replace them, at least "for some time." --- [Nicholas P. Mooney](#)

[II](#)

How Wyoming Became the Promised Land for Bitcoin Investors

"The state is attracting crypto firms with its cutting edge legal framework for digital assets."

Why this is important: Like when it created the first LLC laws, Wyoming is leading the nation in innovation in the cryptocurrency and blockchain space. In 2018 and 2019, Wyoming enacted a series of laws that "clarified the treatment of digital assets in commercial law, setting the legal foundation for so-called 'smart contracts'" and gave crypto investors a place to store their digital currency, even those that are out-of-state. Known primarily for coal, oil, and gas production, Wyoming now has figured out a way to attract new businesses to the state. While Wyoming has had limited success to date, new investments from cryptocurrency companies, including in banking, suggest that it could be on the precipice of a 21st Century-style boom. The Wyoming digital asset laws could be a great model for any state looking to

revitalize its economy by enticing businesses to open within its borders. Like the LLC laws, it may be only a matter of time before the rest of the country follows Wyoming again. --- [Kellen M. Shearin](#)

Biometric Info Center of Truckers' Lawsuit Against Union Pacific

"Fleury claims that although Union Pacific collected, captured or otherwise obtained biometric identifiers and biometric information of drivers, the rail company never informed them in writing that it was collecting or storing that information."

Why this is important: As the use of biometric information has risen, so too have legal claims. The Union Pacific Railroad is facing a class action in the U.S. District Court for the Northern District of Illinois for allegedly violating the Illinois Biometric Information Privacy Act (the "BIPA") by requiring truckers who deliver to its railyards, and anyone else visiting the railyards, to scan their biometric identifiers into kiosks to confirm their identity. The BIPA requires any company capturing biometric information to obtain informed consent and a release, which Union Pacific failed to do until after it was sued. Union Pacific sought to dismiss the complaint on the basis that BIPA was preempted by Federal Railroad Safety Act and Interstate Commerce Commission Termination Act regulations designed to promote railroad safety and homeland security, but the federal court disagreed and allowed the claim to go forward.

Technological advances in the use of biometric information can be a very good thing -- reducing the potential for identity theft and fraud in a fast and easy manner. However, this case highlights the importance of staying current on the developing regulatory framework governing the use of such technologies and the necessity of establishing a defensible process for obtaining participants' informed consent before such technologies are employed. Keep in mind that the Illinois Supreme Court ruled in 2019 that individuals are not required to show that they suffered an actual injury or even an adverse effect in order to bring a claim under BIPA, and statutory damages under the act include \$1,000 per negligent violation or \$5,000 per intentional or reckless violation of BIPA, along with any actual damages and attorneys' fees. The plaintiffs' class action bar are trolling for violations of biometric information regulations so businesses need to remain vigilant to ensure regulatory compliance. --- [Lori D. Thompson](#)

Human Organ Chips Shift Amodiaquine from Old Antimalarial to Promising COVID-19 Treatment

"This breakthrough helped secure the inclusion of amodiaquine in a COVID-19 clinical trial that is currently underway in 13 different countries in Africa where this drug is inexpensive and widely available."

Why this is important: Another old anti-malarial drug shows some promise in treating respiratory problems in COVID-19 patients. Many old medications have been tested in the laboratory, with amodiaquine currently showing the most promise. It has been effective at treating COVID-19 in lab tests, including on a "human airway chip," a device designed to measure the effect on membranes in the lungs. Amodiaquine has not yet been tested on live animals or on humans, so it still has a long way to go before regulatory agencies deem it safe and effective. If ever approved, it may become an effective and cheap treatment, particularly in the third world, where vaccines and effective treatment often lag behind developed countries. --- [Hugh B. Wellons](#)

Does the Metaverse Need a Zoning Board?

"As new crypto investments flood online worlds, conflicts between virtual neighbors are on the rise."

Why this is important: Imagine paying \$200,000 for a new piece of virtual real property and \$500,000 for an artist-designed virtual home only to discover that next door is a futuristic Viking-themed spa hotel, a monastery with underground catacombs, or a chicken and goat farm. Such is the dilemma for people investing in virtual worlds like Decentraland, Somnium Space, Cryptovoxels, and others. The prices mentioned above actually were paid by people who decided not to purchase real property or a home in the real world, but rather to sink the money into a virtual world. As the value of cryptocurrencies increase and the use of non-fungible tokens ("NFTs") explode, more people are going to the metaverse to invest money, stake their claim, and enjoy the virtual American dream. But, good fences make good

neighbors, and maybe a little virtual zoning would too. The article reports on the conflicts arising between virtual neighbors when they discover the property next door is being used in a way that displeases them or might make their virtual property less desirable. In other words, real world problems are finding their way into the virtual world. Imagine when one day your virtual backyard is a nice place for your virtual self to relax and the next day someone puts in a beach next door with the sand and waves running through your property. The article didn't mention it, but it probably won't be long before someone sets up a virtual law office to deal with these problems. --- [Nicholas P. Mooney II](#)

Biometrics Promise Consumers (and Banks) Freedom from Password Hell

"Financial institution call centers spend an inordinate amount of time helping customers reset their passwords."

Why this is important: As this article highlights, the security challenge for banks is to balance the customer's desire for safety and security with their desire for speed and ease of use. Passwords and two-step authentication processes are gradually being replaced with biometrics in the retail industry, and banks are starting to dip their toes in the water. The question is how quickly bank customers will embrace these new technologies where their bank accounts are concerned. If a financial institution moves too quickly to replace passwords with technologies that use one's voice, face, retina or palm to verify identity, customers may feel insecure and elect to transition to banks embracing "old school" methods. If a financial institution waits too long to embrace biometrics, customers looking to shed their frustrations with passwords may move on to institutions touting the latest technology. --- [Lori D. Thompson](#)

Scientists have Created a New Gene-Editing Tool that Could Outperform CRISPR

"It is faster and simpler than CRISPR, enabling millions of genetic experiments to be performed simultaneously."

Why this is important: We knew this process would get easier and more focused. As reported, this new gene editing tool, "Retron Library Recombineering" ("RLR"), is faster, even more specific, uses a more powerful software, and will allow the machine to edit more copies at once. CRISPR uses an enzyme that, over time, can be toxic to cells. Accordingly, it is more difficult to obtain many copies of the edited DNA. RLR apparently avoids that problem. Time will tell if all those claims are true, but the work at Harvard is promising. If it is as good as promised, we could see much more gene editing in the future. Of course, RLR is not as cool an acronym as CRISPR!

If you want a description of how this works, this is how the article describes it: "This tool, described in a recent paper in [Proceedings of the National Academy of Sciences of the United States of America], employs retrons, which are bacterial DNA segments that undergo reverse transcription to generate single-stranded DNA fragments (ssDNA). RLR produces up to millions of mutations concurrently in bacterial cells and 'barcodes' mutant cells, enabling the whole pool to be screened at once. This way large quantities of data can be quickly produced and analyzed." --- [Hugh B. Wellons](#)

Unsurprisingly, Almost No Americans are Opting in to App Tracking

"What's rather more surprising is that the global opt-in rate is three times higher."

Why this is important: Apple is increasingly marketing itself as the privacy-focused alternative to Google's Android, and its most recent update to iOS, its smartphone and tablet operating system, introduced a significant new privacy-oriented feature. Under iOS 14.5, users are now required to opt-in to allowing apps to use the device's advertising identifier to track their behavior across different apps. Facebook, which also owns Instagram, was particularly vocal in opposing this shift, and it made headlines by responding with popups warning iOS users that failing to opt-in to cross-tracking could prevent the company from continuing to offer its services free-of-charge. It appears, however, that iOS users have not been particularly swayed by that risk. A paltry 4 percent of American users running iOS

14.5 have opted into cross-tracking in the first two weeks following its release. Though the global rate is higher at 12 percent, the takeaway from either data set is that most users prefer additional privacy over any perceived benefit from better-targeted advertising. What remains now to be seen is how the advertising industry will respond. --- [Joseph V. Schaeffer](#)

Chime Stops Using Word 'Bank' After Regulator's Pushback

"Chime has been forced to ditch the use of the word 'bank' in describing its services as it is not properly licensed."

Why this is important: "What's in a name? That which we call a rose by any other name would smell as sweet." Despite what Shakespeare wrote, names matter, at least if the name has the word "bank" in it. Recently, Chime Financial, Inc. found itself the target of an inquiry by the California Department of Financial Protection and Innovation that focused on Chime's use of the URL address "chimebank.com" and its use of the words "bank" and "banking." The Department alleged that Chime is not a bank, but rather a financial technology, or FinTech, company and that the banking services it offers are really provided by banks it partners with. The references to Chime as a bank or providing banking services could mislead customers into the belief that Chime has met the qualifications for license as a banking institution in California. The article reports on the resulting settlement agreement the Department and Chime entered into pursuant to which Chime agrees to refrain from using "bank" or other similar words, change its website's testimonials to remove references to Chime providing banking services, and continue to monitor and report on its efforts to comply with the settlement agreement. --- [Nicholas P. Mooney II](#)



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